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E.O. 12958: DECL: 03/05/2019  
TAGS: [ECON](#) [ENRG](#) [BF](#)  
SUBJECT: BAHAMAS UPDATE ON LNG PIPELINE PROJECT

Classified By: CHARGE ZUNIGA-BROWN FOR REASONS 1.4(B) AND (D).

¶1. (C) Charge Zuniga-Brown met with AES representatives Brian Chatlosh and Neil Watlington on March 4 to discuss the proposed LNG pipeline project from the island of Ocean Cay to southern Florida. The proposed project has been in negotiation between AES and the Government of the Commonwealth of the Bahamas (GCOB) for at least seven years, with initial discussions beginning during the previous Free National Movement (FNM) administration. Chatlosh and Watlington said the GCOB has expressed concerns as to why the LNG project is being built in The Bahamas and not in the United States. The expected revenue for The Bahamas, should they agree to the project, is USD 10 million up front, with substantial royalties to follow.

¶2. (C) A prior AES representative to The Bahamas told econoff that the GCOB has demonstrated even less action towards the LNG project in the past six months as a result of the economic downturn the country is facing. In an effort to speed the decision making process along, AES proposed constructing an additional LNG pipeline from Ocean Cay to New Providence at no cost. The former AES representative noted that when this idea was presented to Prime Minister Ingraham, the PM said he "wouldn't be pushed into doing it." Due to the technological challenges and associated costs AES has subsequently decided to forego that idea. As a result, there is no planned proposal to construct a pipeline through the "tongue of the ocean".

¶3. (C) Chatlosh and Watlington indicated they are organizing a new strategy for obtaining GCOB approval of the project, but that they do not intend to aggressively pursue the issue quite yet. In the meantime, Chatlosh and Watlington said they intend to review other ancillary projects on Ocean Cay, including a rest stop for cruise ships and reopening mining operations on the island.  
ZUNIGA-BROWN